

## 4. DEALER OPERATIONS

10-06

**4.1 Record-keeping Requirements.** Many different state and federal agencies require dealers to keep records of their business activities. The dealer law requires a dealer to keep a complete record of all vehicle purchases and sales, retail or wholesale, for a minimum period of 24 months. The current and previous 12 months of records must be kept at the dealer's licensed location and available for inspection by an MVD representative. The remaining 11 months of records need not be kept at the dealer's licensed location, but they must be readily available for inspection upon request of an MVD representative. Other agencies require longer periods of record retention.

Records may be kept in an electronic format if they are available for inspection and are capable of being printed out at the dealership location. Original titles in the possession of a dealer (not by a lien holder) should be kept in a secure but readily available location near the dealership if not on the premises. If the original title is kept by the floor-planner, the dealer is required to keep a copy of the front and back of the title on the dealership premises in his files.

Dealers are required to keep accurate records on every motor vehicle purchased or sold. Licensees are required to cooperate and assist an MVD representative by providing all information requested from the required records. MVD may request copies of records by certified mail. If the dealer does not respond to the certified mail request within 15 days, a petition may be filed. Additionally, the investigator may show up at the dealer's lot and expect to see the records there. The Occupations Code specifically allows the Department to inspect the books and records of a license holder in connection with the performance of its duties under the code. Failure or refusal to cooperate by withholding records or failing to maintain records subjects the dealer to a civil penalty or suspension or revocation of the license.

Records may be kept electronically at the licensed location as long as all the pertinent documents are scanned and available for viewing at the licensed location. Other records, like the names, addresses, dates, VINs, etc. may be kept in a database and no paper copy is required as long as the records are retrievable at the location and are available during normal business hours for inspection by the representative of the agency.

**a. Wholesale transactions.** When a dealer sells to another dealer, the seller needs to be sure he is dealing with a legitimate dealer. The best way to verify a person is a currently licensed dealer is to ask for and make a copy of the buyer's current GDN license. By the year 2007, the MVD dealer database when available should be on the TxDot web site and a dealer can check that database instantaneously to see if a person is licensed. The law requires these additional records to be kept:

- A Purchase Record, Bill of Sale, Sales Contract, or Auction Receipt showing the date of purchase, vehicle identification number (VIN); name and address of seller and mileage statement.
- A photocopy of **both sides** of the negotiable title after reassigned to the licensed dealer following a wholesale transaction.
- Odometer Disclosure Statement if the odometer disclosure is not integrated into the title.
- The Texas Motor Vehicle Sales Tax Resale Certificate is to be filled out, signed by the buying dealer and kept in the dealer's sales file. Do not send the completed certificate to the Comptroller. When the State Comptroller audits your records, they will want to see this form in your records. A copy of this form can be found on page 7-7. (Form 14-313 is available from the State Comptroller's Office).

**b. Retail transactions.** Retail transactions require the following records to be kept:

- Retail Installment Agreement, Sales Contract, or Bill of Sale which should include the date of sale; vehicle description (i.e. year, make and model); vehicle identification number (VIN); name and address of person purchasing the vehicle; sale price; all other fees and charges that are the total cost of the vehicle including trade-in, pay-off of trade-in, extended warranty, insurance, etc.
- A copy of the Application for Texas Title after filled out and signed by buyer and seller (Form 130-U). This form may be obtained from the Tax Collector's office or your local VTR office. A copy of this form is shown on page 6-12. Tax Collector's receipt for title application (White Slip). This is an important document which can prove you did apply for title on a sold vehicle. A copy of the Buyer's Guide, also known as the "As-is" statement **signed by buyer**.
- Odometer Disclosure Statement.
- A copy of the **front and back** of the negotiable title signed by buyer and seller.
- Power of attorney (if required to complete the titling process). See more about powers of attorney in the titling section.
- Either the original or a copy of the federal Buyer's Guide (As-Is) form that is signed by the buyer.
- The VTR form 136, County of Title Issuance, on which the consumer elects which county they desire to have their vehicle registered in. See Page 6-15.

**c. Other Forms.** Various other forms may be necessary depending on the type of sale. Most of the forms may be obtained from the Tax Assessor-Collector's office or your local TxDOT Vehicle Titles & Registration office. Forms involving taxes could be obtained from the State Comptroller's office. Many of the VTR forms can be found on the TxDOT website at [http://www.dot.state.tx.us/forms/vehicle\\_titles.htm](http://www.dot.state.tx.us/forms/vehicle_titles.htm).

**1. The Conforming Dealer Reassignment.** This form should be used if all available assignments on the back of a Texas title are signed or the negotiable title is from another state or foreign country. See page 6-9.

**2. Texas Motor Vehicle Sales Tax Exemption Certificate – For Vehicles Taken Out of State.** If a vehicle is sold to someone who claims they are taking it out of the state or the country, whether the transaction is a wholesale or retail sale, a completed Comptroller's Form 14-312, must be completed. The original must be kept with the sales file. See page 7-6. Since dealers are required to apply for title, this form proves that the consumer advised the selling dealer the vehicle was leaving the state. Make sure you explain to the buyer that it is a felony to claim this exemption if they really intend to register and title the vehicle in Texas.

Realize that the "sales tax" is really an ad valorem or use tax. Any use of the vehicle in the state that is not incidental to leaving the state is going to require the tax being assessed and collected from the buyer. As an example, a student who buys a vehicle and wants to take the vehicle back to his home state for registration at the next school break in two weeks, is using the vehicle in this state and is not taking the vehicle directly out of the state after purchase. The student should be charged the tax and the titling and registration needs to be performed by the dealer.

**4.2 Consignment Sales.** A dealer offering a vehicle for sale by consignment must have a written consignment agreement for the vehicle or a power of attorney covering the vehicle.

- Copy of the title should be at the dealer's licensed location for inspection by buyer or a MVD representative. It is recommended that the copy of the title be attached to the consignment agreement.
- A written consignment agreement should be completed by the licensed dealer and made a part of the sales file. A suggested consignment form is found at page 4-17.
- Sales record-keeping requirements are the same as those of a retail sale as listed in section 4.1(b) herein.

**4.3 Blue Law.** Dealers must follow the business hours as outlined in Section 3.7 (h) of this manual. In addition, dealers must follow the Blue Law, which prohibits dealers from selling and offering to sell motor vehicles on consecutive Saturdays and Sundays. Dealers may choose to be in operation either Saturday or Sunday of a given weekend, but not both. Salespersons may not offer vehicles to consumers with the intent to sell them vehicles on another date.

**4.4 Disclosures under Deceptive Trade Practices Act (DTPA).** DTPA lawsuits are based on "misrepresentations" (i.e. to give false or misleading statements). If a false representation (a statement or account made to influence opinion or action) was made to a consumer before the sale of the vehicle, the dealer is subject to DTPA action. It does not

matter that the representation was made unknowingly, only that it was made. The representation can be written or oral. Contracts or other agreements cannot waive the consumer's rights under the DTPA.

**a. Disclosures to consumers include but are not limited to:**

- Odometer replaced or is non-operative.
- True miles are unknown.
- Mileage exceeds mechanical limits.
- Mechanical deficiencies.
- Electrical equipment deficiencies.
- Vehicle is stolen recovered, flood damaged, hail damaged, a salvage vehicle, rebuilt or reconditioned, etc.

**A note about flood-damaged vehicles:** Recent hurricanes left as many as 700,000 vehicles with flood damage that could be sold to unsuspecting consumers and dealers. If a vehicle has a Texas flood-damaged title brand, it will show up on the VTR website at

[http://www.dot.state.tx.us/services/vehicle\\_titles\\_and\\_registration/flood\\_damaged.htm](http://www.dot.state.tx.us/services/vehicle_titles_and_registration/flood_damaged.htm).

**b. Minimum Amount of Damage to Disclose.** There is a misconception among dealers that if damages fall below a certain dollar amount, then they do not have to be disclosed to consumers. There is no law in Texas that states this. On the contrary, if a dealer fails to disclose damages of *any* dollar amount, he or she may be in violation of DTPA.

**4.5 New Cars - Monroney (MSRP) Sticker.** When a franchised dealer displays vehicles for sale, the Monroney Sticker must be displayed on the vehicle. Failure to do so will subject the dealer to possible state and federal civil penalties.

**4.6 Used Cars - "As is" Buyers Guides.** The Federal Trade Commission's Used Car Rule requires dealers to post a Buyers Guide – known as an "as is" sticker – on every used vehicle displayed for sale, including consignment vehicles. The rule includes light-duty trucks, light duty vans, and vehicles that have:

- a gross vehicle weight rating (GVWR) of less than 8,500 pounds;
- a curb weight of less than 6,000 pounds;
- a frontal area of less than 46 square feet.

Exceptions to the Rule are:

- motorcycles;
- any vehicle sold for scrap or parts if the dealer submit title documents to the appropriate state authority and obtains a salvage certification; and
- agricultural equipment.

The sticker must be prominently and conspicuously on or in a vehicle when it is available for sale. This means it must be in plain view and both sides must be visible. You can hang the Guide from the rear-view mirror inside the vehicle or on a side view mirror outside the car. You can attach it to a side window or place it under a windshield wiper. It may be removed for a test drive, but it must be replaced as soon as the test drive is over. A copy of this form is on page 4-18 and 4-19.

The Buyers Guide must tell the consumer:

- Whether the vehicle is sold with a warranty or “as is.”
- What percentage or repair costs a dealer will pay under the warranty.
- If a manufacturer’s warranty still applies to the vehicle.
- What is the deductible amount, if any?
- How long the warranty is enforceable.
- Any major mechanical problems, vehicle damage, odometer problems, accident damage or branded title designations on the sticker.

**IF A DEALER CONDUCTS USED CAR DEALS IN SPANISH, A SPANISH LANGUAGE BUYER’S GUIDE MUST BE DISPLAYED.** These are available from the same place you purchase the English versions.

**Warranties.** The guide must show any changes in warranty coverage that have been agreed upon. It also becomes part of the sales contract and overrides any contrary provisions. For example, if the Buyer’s Guide says the car comes with a warranty and the contract says the car is sold “as-is,” the dealer must give the consumer the warranty described in the Guide.

**a. As is – No Warranty.** When the dealer offers a vehicle “as-is,” the box next to the disclosure on the Buyer’s Guide must be checked. If the box is checked but the dealer promises to repair the vehicle or cancel the sale if the consumer is not satisfied, the promise should be written on the Buyer’s Guide.

“As-is” means that the buyer is assuming any risk that the vehicle is defective. If you buy a car “as-is” and it breaks down minutes later, the repair is the buyer’s responsibility and not the dealer’s. “As-is” does not prevent a dealer from being liable for fraud, however.

**b. Warranty.** If a vehicle is offered with an express warranty, the box next to the heading “Warranty” must be checked and that section of the Guide must be completed, including:

- What percentage of parts and labor costs does the warranty cover?
- What is the deductible, if any?
- What systems are covered? For how long?
- What manufacturer’s warranty still applies, if any?

**c. Service contract.** If a vehicle is offered with a service contract, the box next to the words “Service Contract” should be checked.

If the dealer and the consumer negotiate changes in the warranty, the changes must be written on the Buyers Guide.

Upon completion of a sale, the dealer **must give** the buyer the original or a copy of the Buyers Guide at the sale. **The Guide must reflect all final changes.**

**d. Required Disclosure.** The dealer must put the following disclosure in all used car sales contracts:

**"The information you see on the window form (Buyer's Guide) for this vehicle is part of this contract. Information on the window form overrides any contrary provisions in the contract of sale."**

More details about the Buyer's Guide can be obtained from a dealer's guide at the FTC website <http://www.ftc.gov/bcp/online/pubs/autos/usedcar.shtm> in English or click the word **Spanish** on the above link. You may also call toll-free, 1-877-FTC-HELP. You can obtain copies of the Buyer's Guide by downloading from the FTC site at <http://www.ftc.gov/bcp/online/pubs/alerts/ucaralrt.shtm>

**4.7 Metal Dealer Plates.** Instead of registering a vehicle that the dealer owns, operates, or permits to be operated on a public street or highway in the state, the dealer may apply for metal dealer's license plates for a vehicle if it is of the type the dealer is licensed to sell.

**a. Expiration of Metal Plates.** These metal plates expire on the same day as the dealer's General Distinguishing Number and the full fee must be paid regardless of the date they were applied for. Most dealers purchase metal plates upon the renewal of their license.

**b. One Plate Issued.** Only one metal dealer license plate is issued and the plate should be displayed only in the rear license plate holder of the vehicle. Taping or propping up the plate in the rear window is not allowed. Though Texas law generally requires two plates on vehicles, front and back, law enforcement is aware that MVD only issues one dealer plate.

**c. Uses of Metal Plates.** A dealer who sells only cars may not put his dealer plate on a motorcycle or trailer and vice versa. Also, any vehicle with metal dealer plates must:

- have a current inspection;
- the title must be assigned into the dealer's name;
- metal dealer license plates may not be displayed on a vehicle carrying a load, such as a dealer's service vehicle used to haul parts back and forth;
- Examples of dealer service or work vehicles are:
  - Vehicles used for towing and transporting other vehicles.
  - Courtesy cars.
  - Rental or lease vehicles.
  - Dealer-owned vehicles loaned to schools.
  - Any boat trailer owned by a dealer that transports more than one boat.

A light truck is not considered a laden commercial vehicle when mounted with a camper unit or when towing a trailer for recreational purposes.

Metal plates can be used for the same purposes that a black tag can be used such as demonstration test drives. Unlike the black tag the dealer plate may also be displayed on vehicles that are used for personal use by the dealer, family or employees.

**d. Metal Plate Log.** The law requires a dealer to maintain a record of all metal dealer plates issued to that dealer and each vehicle assigned a license plate. The log shall consist of:

- Metal plate number.
- The make of the vehicle displaying the plate.
- The vehicle identification number.
- Name of the person in control of the vehicle.

The dealer's log, as well as the titles for all vehicles assigned a metal license dealer's plate, shall be available at the dealer's licensed location for review by an MVD representative during normal working hours. Those metal dealer plates not accounted for will be voided by MVD. A sample of such a plate log is found on page 4-16.

**4.71 Metal Plate Limits.** Dealers are limited in the number of plates they may order depending on the type of license issued and the number of vehicles sold. New applicants for franchised motor vehicles and motorcycles are limited to five for the first year of their license. Franchised or independent travel trailer dealers, utility trailer or semi-trailer dealers are limited to two for the first year. Wholesale dealers may have one plate.

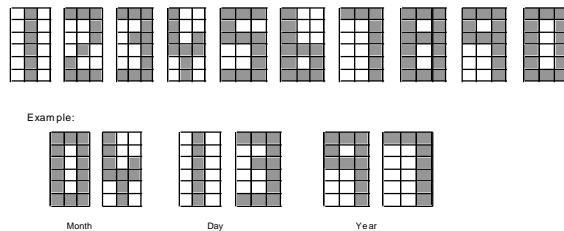
Upon renewal, a franchised motor vehicle dealer may obtain a total of 30 plates; a franchised motorcycle dealer may get a total of 10 plates; Independent motorcycle dealers, franchised or independent travel trailer dealers and utility trailer or semi-trailer dealer are eligible for a total of 3 plates. Wholesale dealers may have a total of one plate.

There are provisions under the plate limits rule found at 43 TAC §8.139 for dealers to obtain additional plates upon proof of sales. Any dealer who sells more than 200 vehicles in a year may have unlimited plates. If a dealer is selling less than 50 vehicles a year, they are entitled to an additional 1 plate; those selling 50 – 99 vehicles may obtain 2 additional plates; those selling 100 – 200 vehicles may get 5 additional plates. A wholesale dealer may get one additional plate upon proof they are regularly and actively engaged in the business.

If a dealer needs even more plates than allotted under the rule, in accordance to the number of vehicles they sell, a request for waiver of the plate limits may be submitted stating why the additional plates are necessary to the continuation of the applicant's business. Wholesale dealers may not apply for waiver of the dealer plate issuance restrictions.

**4.8 Temporary Tags.** Temporary cardboard tags may be displayed either in the rear window or on the rear license plate holder of unregistered vehicles. When displayed in the rear window, the tag shall be attached in such a manner that it is clearly visible and

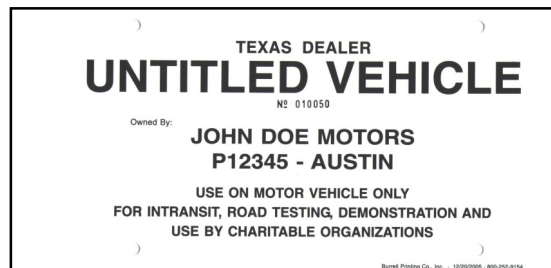
legible when viewed from the rear of the vehicle. Clearly visible and legible means the tag may not be placed behind a window that is heavily tinted where the tag information is not visible at least 15' away. They should be filled out in black ink, and a 2" clear tape should be placed over the expiration date. Any blanks should be filled in with the required information and the numerals representing the expiration date, should look like the following:



#### a. Dealer's temporary black tag

- For unregistered demonstration ride or in-transit use.
- Cannot be used for carrying a load.
- Cannot be used on personal or business vehicles.
- Vehicle must be titled or assigned to the dealer.
- Cannot be used as a replacement for any other temporary tags.
- May not be displayed on laden commercial vehicles being operated or on dealer service or work vehicles. Service and work vehicles are defined in Section 4.7.

Dealers should make an effort to guard zealously their black tags. These tags are often stolen and are in high demand among those who do not want to pay sales taxes, or use them for illegal purposes. MVD has heard from many in law enforcement that black tags were used by criminals to prevent identification of vehicles used in crimes. Some dealers number their black tags and keep a log of to whom and when they were distributed.



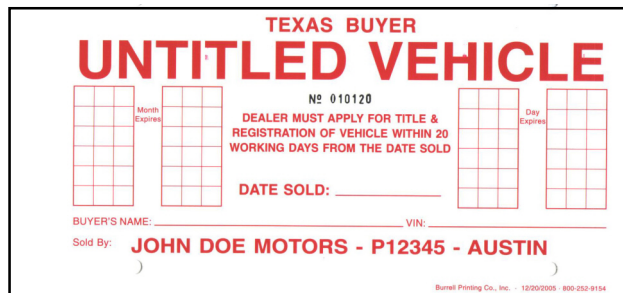
Dealer Black Tag

#### b. Buyer's temporary red tag

- Only ONE tag which is issued on the date of sale. Issuance of more than one red tag subjects dealer to a possible civil penalty.
- Good for 21 calendar days from date of sale.
- Displayed only on vehicles sold by dealer.



If a dealer is unable for reasons beyond his control to get a title transferred within 21 calendar days from the date of sale, then he should obtain a 30-day permit from VTR for the consumer. Lienholders are required to release liens within 10 days of payoff. If the dealer has paid off a lien and cannot get the release of lien from the lienholder, then he should first of all, notify MVD of the lienholders tardiness and then issue to the consumer the blue tag as described below upon expiration of the red tag.



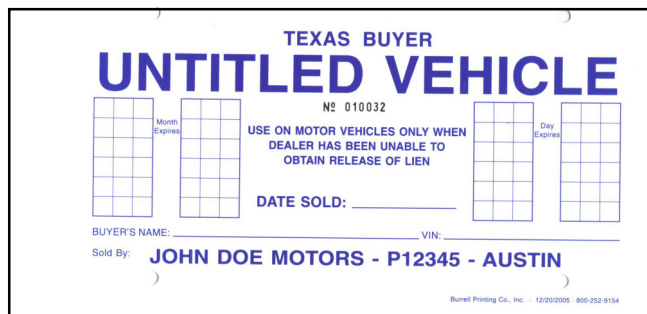
TEXAS BUYER  
**UNTITLED VEHICLE**  
 No 010120  
 DEALER MUST APPLY FOR TITLE & REGISTRATION OF VEHICLE WITHIN 20 WORKING DAYS FROM THE DATE SOLD  
 DATE SOLD: \_\_\_\_\_  
 BUYER'S NAME: \_\_\_\_\_ VIN: \_\_\_\_\_  
 Sold By: **JOHN DOE MOTORS - P12345 - AUSTIN**  
 Burdett Printing Co., Inc. 10/20/2005 800-252-8154

Buyer's Red Temporary Red Tag

**c. Buyer's supplemental blue tag**

- Issued after expiration of red tag.
- Valid for 21 calendar days from the date the red tag expired.
- Issued only after dealer has paid lienholder but lienholder has not released title within 10 days of date of sale.
- Dealer is not the lienholder.
- Not a replacement for any other temporary tags.

Blue tags are to be used in those rare cases when the dealer has paid off a lien and the lienholder has not released the lien within the allowed 10 days. If there is any other reason that a dealer has not transferred title within the 21 calendar days from the sale of the vehicle, then the dealer may not use the blue tag but will need to buy the 30-day permit.



TEXAS BUYER  
**UNTITLED VEHICLE**  
 No 010032  
 USE ON MOTOR VEHICLES ONLY WHEN DEALER HAS BEEN UNABLE TO OBTAIN RELEASE OF LIEN  
 DATE SOLD: \_\_\_\_\_  
 BUYER'S NAME: \_\_\_\_\_ VIN: \_\_\_\_\_  
 Sold By: **JOHN DOE MOTORS - P12345 - AUSTIN**  
 Burdett Printing Co., Inc. 12/20/2005 800-252-8154

Buyer's Supplemental Blue Tag

**4.9 Logs for the Temporary Tags.** All temporary tags are not required to be logged. All tags should have a unique sequential number on them. This number is to be

logged or recorded in the dealer's records in a manner that will allow a dealer to locate the tag at any given time. These records become part of those records required to be kept by dealers for inspection. A black tag may be assigned either to a person, such as a salesman or to a particular vehicle. The record should show the date and name/VIN of the assigned tag. Once the use for a black tag is finished it may be re-used by logging its new use in the tag log.

**4.10 The 30-Day Permit.** Many times it is not the dealer's fault that a title has not appeared. Any time the dealer cannot get a title transferred to a buyer within the 21 calendar days from the date of sale, and there is no issue with a lienholder, the dealer usually can keep the buyer happy by obtaining a 30-day permit. The permit is available from the local VTR office upon payment of \$25.00 and showing of the consumer's financial responsibility (liability insurance).

**4.11 Other Restrictions On Tags And Plates.** A franchised dealer may only use temporary tags and metal dealer license plates on used vehicles and new motor vehicles for which they are licensed to sell. A chart that summarizes the uses and prohibitions of plates and tags can be found at page 4-15.

**4.12 Special Exception for Auctions.** A wholesale motor vehicle auction may use dealer's temporary black tags and metal dealer license plates. They may use buyer's tags on those vehicles which they have bought, taken assignment on and are selling for themselves at the auction. Sometimes auctions will provide a ferry service for dealers to ferry vehicles to and from the auction for dealers. In this instance, auctions are allowed to use their own black transit tags even though the vehicles are not in the auction's name.

**4.13 Manufacturer's License Plates.** Instead of registering a new vehicle that a manufacturer or distributor intends to test on a public street or highway or to loan to a consumer during warranty repair to a consumer's vehicle, the manufacturer may apply for manufacturer's license plates for the vehicle. A commercial motor vehicle with manufacturer's license plate attached may not carry a load.

**4.14. Converter's License Plates.** Instead of registering a vehicle that a converter operates or permits to be operated on a public street or highway, the converter may apply for metal converter's license plates. These metal plates expire annually on the same day as the converter's license; the full fee must be paid regardless of the date they were applied for. Temporary cardboard tags (orange) also are available to converters.

**4.15 Public Auctions.** A dealer may sell his own inventory by way of an auction held on the dealer's licensed lot. An Auctioneer licensed by the Department of Licensing and Regulation must conduct the auction in accordance with the Texas Auctioneer Law. The auctioneer's name and license number must appear in any advertisement.

It is not legal for several dealers to get together and hold a public auction on one of their lots. This is selling off site which is prohibited by the Transportation Code.

Some dealers promote themselves as a public auction and hold regular auctions to sell to the public. These dealers must take assignment of any vehicles sold through their auction and must transfer the titles before the 21<sup>st</sup> day after the sale.

**4.16 Wholesale Auctions.** Only a person who holds a wholesale motor vehicle auction license may hold a wholesale or dealer-to-dealer auction, which must be held only at the location for which the auction is licensed. The cars must only be auctioned off to licensed dealers, not the public. Some franchised dealers have a wholesale auction license and hold an auction every week or so and invite dealers to bring their vehicles to the lot for sale to other dealers. This is legal, but the auction must be advertised in the dealer's name, not the name of the company that is conducting the auction.

**4.17 Wholesale Auction Procedures.** Most wholesale auctions have their own procedures and guidelines. You should contact the different auctions in your area and inquire about their particular requirements. If you are going to an auction for the first time, be prepared to fill out an application, giving information about your financial condition and that of your dealership. You may also be requested to present the original of your dealer license for verification. Most auctions will provide you with a picture ID and a list of their procedures. This is a list of the most common auction procedures we have observed:

- All representations or guarantees are that of the seller.
- All transactions are between buying and selling dealers.
- Dealers must register with the auction and obtain an auction I.D. card before conducting business.
- Some auctions may allow a dealer to establish a line of credit.
- The auctions are for licensed motor vehicle dealers and their authorized agents only. You may not take customers to an auction to buy a vehicle, nor can you lend your GDN to an individual. The dealer/owner may be able to take one guest; however, this person may not buy a vehicle (check with the auction on bringing a guest).
- Dealers may be able to preview vehicles before the auction begins. The hours may vary at each auction so check with the auction that you plan to attend.
- The auction will announce the condition of the vehicle as told to them by the seller, or they may use a light system, i.e. red, green and yellow, to indicate the condition of the sale. Dealers should check with each auction regarding the different categories of the light system.
- Some auctions may have a separate “damaged and disabled” sale. This could include units that have frame damage, frame damage repair, flood damage, missing emissions, broken odometers, etc.
- If a motor vehicle has a salvage title or is deemed at total loss, both the buyer and the seller must hold a salvage dealer license.
- If a dealer buys a vehicle and believes it was misrepresented, arbitration may be available at the auction. Check the auction arbitration policy.

**4.18 Getting a Title From the Auction.** Once a dealer is awarded the bid in an auction, the vehicle is released to that dealer. In most cases, there is a 21-30 working-day policy in getting the title. MVD strongly advises dealers to wait until they have received the

title before they sell that vehicle. If a vehicle is sold and then it becomes apparent that the title is lost, or it shows up and is a salvage title, or marked as a reconditioned vehicle, then the dealer is likely to be in trouble not only with the buyer, but also MVD because that dealer has sold a vehicle without a title and has failed to apply for title within the 20 working days. Also, a dealer who sells a vehicle through the auction and has not provided the title in a timely manner is in violation of selling a vehicle without the title.

Several steps must occur before the dealer can take possession of the vehicle and sell it to a retail consumer:

- The dealer's draft must clear.
- Lien holder and/or selling dealer are paid.
- Title is released to the auction, and the auction releases the title to the dealer.  
Note: Titles are not reassigned to the auction. The title must be reassigned directly to the purchasing dealer.

The auction may have a buyback policy if they cannot get the title to the buyer within the 21-30 working-day period. This remedy is handled through arbitration.

**4.19 Shows and Displays.** The general rule is that only *new* motor vehicles may be shown or displayed off the licensed premises and then only with the written permission of the MVD. However, there are many different rules for the different types of vehicles that can be shown off-site. To be absolutely sure of all requirements, dealers are urged to call or write MVD well in advance of any show or display to ascertain if they may participate in any particular event. Some of the non-selling, association-sponsored shows are self-permitting. A promoter should contact the office for these special forms.

**a. Used Motor Vehicles.** There is no provision in the law for used motor vehicles to be displayed in a show or exhibited off the licensed premises. There are exceptions under the law for certain types of non-motorized vehicles like used trailers.

**b. New Motor Vehicles.** There are three types of shows or displays at which motor vehicles may be displayed:

- **Off-site display** – A static display in which one dealership participates, for example, a new Ford Mustang displayed at the local airport. Displays may be approved from one day to 6 months, depending on the purpose of the display and/or location. No selling is permitted and no personnel are present.
- **Auto show** – Usually a one-day or weekend event with participation from multiple dealers, like a citywide car show. No selling is permitted.
- **RV show** – When three or more RV dealers participate in a show at which they are authorized to sell, like an annual RV/Camper show. This type of show is exclusive for RV dealers only. Other new motor vehicles are only approved for display at such a show on a case-by-case basis, i.e., a new Saturn on display at an RV show (MVD requires such displays to post

“Display Only” signs.) Travel trailers are allowed to participate in such shows, but will not be considered as part of the required three dealers.

**c. Qualifications for approval of an off-site show or display:**

- All dealers and promoters must complete appropriate forms.
- All forms must be received at our office at least 30 days before the show.
- The location of the show will be considered the market area of the closest dealer for the line-make for which the dealer is licensed, unless it is a motor home show. If the dealer is not the closest dealer, then the dealer must obtain waivers from the closer dealers and provide copies to the agency. With such a letter, the dealer may obtain approval from our office as long as he or she meets all other requirements.
- Displays may not be held at businesses with an auto buying service.
- Dealers must leave MSRP stickers on the vehicles.

**d. Untimely off-site show or display request.** No exceptions for tardiness will be granted, pursuant to Occupations Code 2301.358. If a request is not timely and no other provision of the law would be violated, then MVD will simply refrain from approving or disapproving the application for show or display. In essence, the dealer makes the choice whether or not to attend the off-site display or show. If the dealer does participate, we will not pursue enforcement on our own initiative; however, if we receive a complaint, then we will have to investigate the matter. This could result in a formal complaint by our department. Any attempts to comply even belatedly will be considered, including an application on file. In other words, if you would like to participate in an auto show and the deadline for obtaining permission from MVD has passed, your attempt to file a late request will be considered in case a complaint is filed against you.

**e. Forms Required for Shows or Displays.** Depending on the type of show or display, the show promoter and every dealer who is to participate, must fill out and sign certain forms. The show promoter is required to file an application that lists information about the show and must verify that any participant is licensed in Texas. Each dealer that participates must be the closest dealer to the show locale or have a signed waiver from the closest dealer. Two tickets of admission, if any required, to the show must be provided to the MVD so investigators may enter and monitor compliance. Non-selling show attendees may qualify for the self-permitting process which just requires registering with the division. Contact the MVD for the proper forms.

**f. Special Rules for Motorhome Shows.** There is a specific exception under the law that allows motorhomes to be sold at shows. But there must be at least three motor home dealers, representing 3 different lines makes, in the show. No dealer can participate if they are located outside of a 70 mile radius of the show site representing the same line of any dealer located within 70 miles of the show site without written permission of that like-line dealer. The show may not last longer than 6 days and all participating dealers must suspend sales operations on the same day if the show

extends over a consecutive Saturday and Sunday to remain in compliance with the blue law. All motor home shows in the same county must be scheduled at least 90 days apart.

**g. Trailers.** Trailers, both new and used, may be displayed, shown and sold at shows that are regularly scheduled events. There must be at least two different trailer dealers at the show to qualify for this type event.

**h. Fire-fighting Vehicles and Ambulances.** In addition to motor homes, fire-fighting vehicles and ambulances may also be sold at shows.

**i. Advertising a Show.** All advertising of any show or display must comply with the advertising rules.

**j. Location of the Show.** A show may not be held on a business or financial institution's premises, during normal business hours. A financial institution consists of locations where auto loans are approved, such as a bank, credit union, etc. Shows proposed to be held at locations of businesses that have auto buying programs will not be approved.

**The recently redesigned TxDOT website has information and forms available for downloading for shows and displays. Be sure and check at this site and read the provisions carefully. If you qualify for a self-permitting show, you may download the form and file it with the MVD for easy compliance with the show and display rules. See these forms at [http://www.dot.state.tx.us/services/motor\\_vehicle/vehicle\\_shows.htm](http://www.dot.state.tx.us/services/motor_vehicle/vehicle_shows.htm).**

**4.20 Lemon Law Disclosure on New Vehicles.** When a franchised dealer sells a new vehicle, the dealer is required to provide the consumer the requisite Lemon Law Notice. Such a notice is found on page 11-4. The content of this form is proscribed by the Motor Vehicle Division and should be given to the consumer at the same time the buyer signs the sales contract.

**4.21 Foreign Buyer Rule.** Any dealer who sells motor vehicles to foreign buyers are required to verify the identity of the buyer and stamp the title showing the vehicle as an exported vehicle.

**a. Verifying Identity of Buyer.** A dealer should obtain a copy of the drivers license, passport, or other picture identity of the buyer confirming the foreign residence. These copies should become part of the dealer's sales file.

**b. Stamping the Title.** A dealer should obtain a rubber stamp made with the dealer license number and the words "For Export Only." The stamp should be placed on the front of the title where it is not covering up any information and should also be placed on each blank reassignment form on the back of the title. See Page 4-20 for a sample of the stamp and where to stamp a title.

**4.22 Displaying the License.** All licensees must display their license in a manner that makes the license easily readable by the public in a conspicuous place in the office of each place of business. If a license covers more than one location then a copy of the original license may be displayed in the supplemental locations.

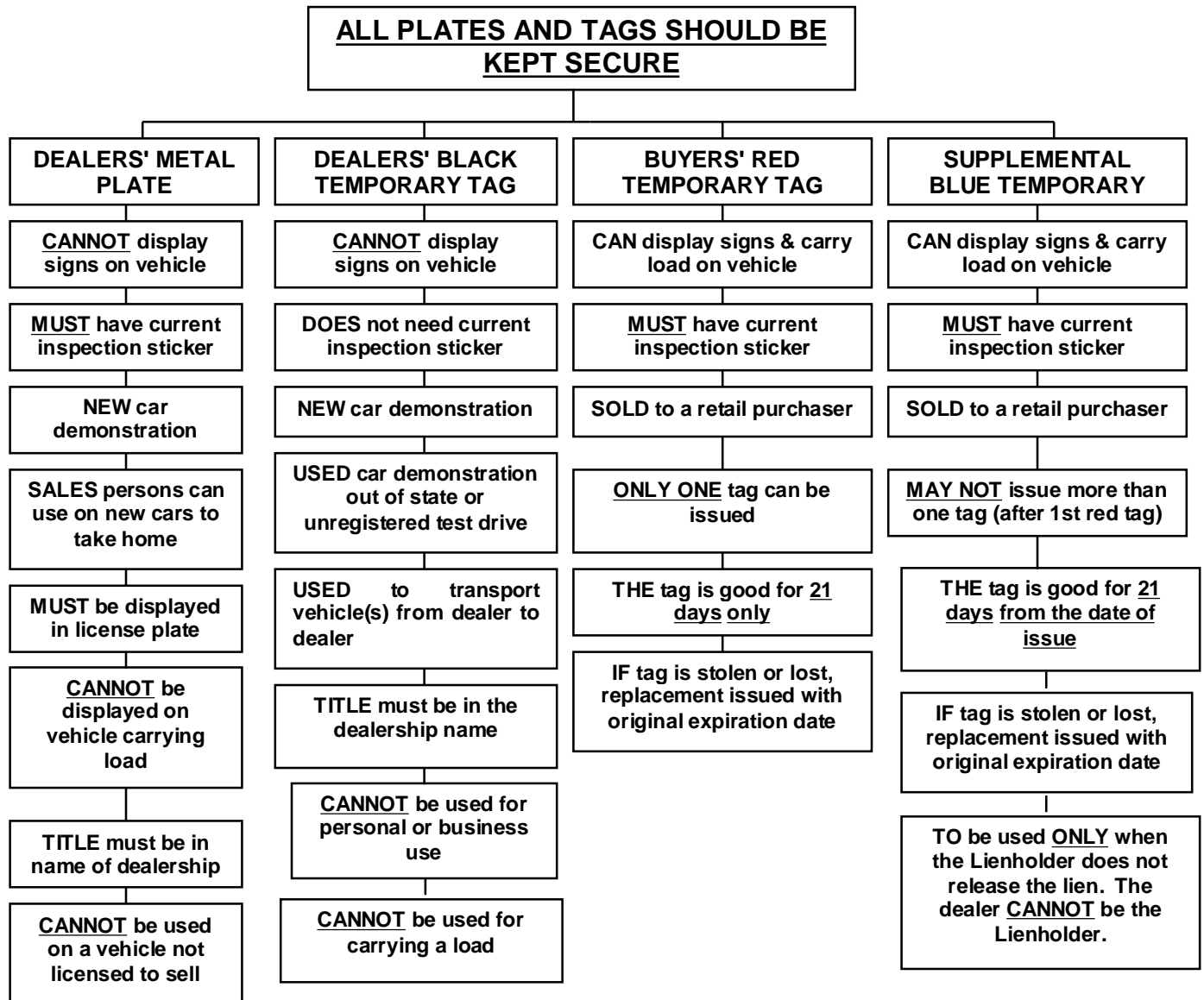
**4.23 Dealer Agents.** Dealers are responsible for the actions of their employees and agents. Under the Dealer Agent Rule, a dealer must give anyone dealing with his employees or agents in a wholesale situation, a letter of written authority of that agent. The dealer's authority will be valid until either the termination of that dealer's license or until the dealer revokes the authority in writing. Once a dealer gives such written authority, the agent may buy and sell vehicles at auctions and to other dealers in the name and under the auspices of the dealer's license. The Dealer Agent Rule found at 43 TAC 8.148, sets out what is required in the letter of authority. Some wholesale auctions have their own forms for agent authorization. These forms will take the place of the required letter on dealership letterhead if the form contains all the requirements of the rule.

Under the Dealer Agent Rule, an agent may not pay for a vehicle in cash as all transactions must be in the name of the dealer using the dealership checks, drafts through the dealership financial entity, or cashier's checks drawn on the dealership accounts. Further, auctions and other dealers may not give the agent the title to vehicles, but must deliver the titles to the dealer at his dealership.

**4.24 License Plate Holders.** As of September 1, 2003, a person may not attach an illuminated device, sticker, decal, emblem or other insignia that is not authorized by law and that interferes with the readability of the letters, or number on the plate or the name of the state in which the vehicle is registered. Care should be taken when dealers affix plate holders to a sold vehicle that the edges of the plate holder do not obscure the name of the state, the license numbers, or other original design feature of the plate. Customers will not be happy with the free plate holder you furnished if they pay a \$200 fine because the plate holder is illegal.

**4.25 Moving the Dealership.** All licensees are required to keep the Department advised of their most current address. It is required to notify the Department before or within ten (10) days of any move. Failure to do so can result in the failure to receive important mail from MVD such as license renewals or important notices about changes in the law. See §3.14 about amending the license because of moving, adding a new location or going out of business.

## DEALER PLATE & TAG USAGE





### A SAMPLE METAL DEALER PLATE LOG:

[illegible]

Dealers with a large amount of plates may also want to add columns for dates the stickers expire and a signature line for the driver of the vehicle.

## CONSIGNMENT TO DEALERSHIP

The undersigned owner of the motor vehicle described herein, hereby certifies that he has delivered on consignment to the dealership named below a vehicle that he legally owns and that said dealership has the owner's authority to offer such vehicle for sale at the dealer's licensed location. Owner certifies and guarantees that the vehicle is free and clear from any liens other than that may appear on the face of the title, or that he has disclosed herein. Owner has shown the dealer the title to the vehicle. Owner further states that he is not a wholesale dealer.

Dealer agrees that it will offer the herein described vehicle for sale on its legally licensed premises under the terms and conditions agreed to between the Owner and Dealership as set out herein. Dealership further agrees that it will pay the owner any amounts owed from the sale no later than \_\_\_\_\_ days from the date of sale. Dealership understands that it is responsible for registering and titling the vehicle and paying any Vehicle Inventory Tax due on the vehicle.

**VEHICLE** Make: \_\_\_\_\_ Year Model: \_\_\_\_\_ Body Style: \_\_\_\_\_

License Number: \_\_\_\_\_ Vehicle Identification Number: \_\_\_\_\_

**DEALER Name:** \_\_\_\_\_

Licensed Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax: \_\_\_\_\_ GDN: \_\_\_\_\_

**OWNER Name:** \_\_\_\_\_

Address: \_\_\_\_\_

Daytime Phone Number: \_\_\_\_\_ Evening Phone Number: \_\_\_\_\_

### TERMS OF CONSIGNMENT:

This consignment begins on \_\_\_\_\_ and terminates on \_\_\_\_\_

Sales price (set amount or minimum) \_\_\_\_\_

Consignee to pay owner \_\_\_\_ days after the sale.

Agreed commission (set amount, percentage or over net) \_\_\_\_\_

Fees owner agrees to pay (if any): \_\_\_\_\_

Liens (if any): \_\_\_\_\_

\_\_\_\_\_  
Signature of Owner

\_\_\_\_\_  
Signature of Dealer

# BUYERS GUIDE

IMPORTANT: Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

\_\_\_\_\_  
VEHICLE MAKE

\_\_\_\_\_  
MODEL

\_\_\_\_\_  
YEAR

\_\_\_\_\_  
VIN NUMBER

\_\_\_\_\_  
DEALER STOCK NUMBER (optional)

WARRANTIES FOR THIS VEHICLE:

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## ☐ AS IS-NO WARRANTY

YOU WILL PAY ALL COSTS FOR ANY REPAIRS. The dealer assumes no responsibility for any repairs regardless of any oral statements about this vehicle.

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## ☐ WARRANTY

☐ FULL ☐ LIMITED WARRANTY. The dealer will pay \_\_\_\_% of the labor and \_\_\_\_% of the parts for the covered systems that fail during the warranty period. Ask the dealer for a copy of the warranty document for a full explanation of warranty coverage, exclusions, and the **dealer's repair obligations. Under state law, "implied warranties" may give you even more rights.**

SYSTEMS COVERED:

DURATION:

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☐ SERVICE CONTRACT. A service contract is available at an extra charge on this vehicle. Ask for details as to coverage, deductible, price and exclusions. If you buy a service contract within 90 **days of the time of sale, state law "implied warranties" may give you additional rights.**

PRE PURCHASE INSPECTION: ASK THE DEALER IF YOU MAY HAVE THIS VEHICLE INSPECTED BY YOUR MECHANIC EITHER ON OR OFF THE LOT.

SEE THE BACK OF THIS FORM for important additional information, including a list of some major defects that may occur in motor vehicles.

Below is a list of some major defects that may occur in used motor vehicles.

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Frame & Body

Frame-cracks, corrective welds, or rusted through  
Dog tracks-bent or twisted frame

Engine

Oil leakage, excluding normal seepage  
Cracked block or head  
Belts missing or inoperable  
Knocks or misses related to camshaft lifters and  
push rods  
Abnormal exhaust discharge

Transmission & Drive Shaft

Improper fluid level or leakage, excluding normal  
seepage  
Cracked or damaged case which is visible  
Abnormal noise or vibration caused by faulty  
transmission or drive shaft  
Improper shifting or functioning in any gear  
Manual Clutch slips or clatters

Differential

Improper fluid level or leakage, excluding normal  
seepage  
Cracked or damaged housing which is visible  
Abnormal noise or vibration caused by faulty  
differential

Cooling System

Leakage including radiator  
Improperly functioning water pump

Electrical System

Battery leakage  
Improperly functioning alternator, generator,  
battery, or starter

Fuel System

Visible leakage

Inoperable Accessories

Gauges or warning devices  
Air conditioner  
Heater & Defroster

Brake System

Failure warning light broken  
Pedal not firm under pressure (DOT spec.)  
Not enough pedal reserve (DOT spec.)  
Does not stop vehicle in straight (DOT spec.)  
Hoses damaged  
Drum or rotor too thin (Mfgr. specs.)  
Lining or pad thickness less than 1/32 inch  
Power unit not operating or leaking  
Structural or mechanical parts damaged

Steering System

Too much free play at steering wheel (DOT specs.)  
**Free play in linkage more than ¼ inch**  
Steering gear binds or jams  
Front wheels aligned improperly (DOT specs.)  
Power unit belts cracked or slipping  
Power unit fluid level improper

Suspension System

Ball joint seals damaged  
Structural parts bent or damaged  
Stabilizer bar disconnected  
Spring broken  
Shock absorber mounting loose  
Rubber bushings damaged or missing  
Radius rod damaged or missing  
shock absorber leaking or functioning improperly

Tires

Tread depth less than 2/32 inch  
Sizes mismatched  
Visible damage

Wheels

Visible cracks, damage or repairs  
Mounting bolts loose or missing

Exhaust System

Leakage

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DEALER

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ADDRESS

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SEE FOR COMPLAINTS

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**IMPORTANT:** The information on this form is part of any contract to buy this vehicle. Removal of this label before consumer purchase (except for purpose of test-driving) is a violation of federal law (16 C.F.R. 455).

# ILLUSTRATION OF WHERE TO PLACE "FOR EXPORT ONLY" STAMP

**TEXAS CERTIFICATE OF TITLE**

ORIGINAL

VEHICLE IDENTIFICATION NUMBER: RA [REDACTED] YEAR MODEL: 1979 MAKE OF VEHICLE: TOYT BODY STYLE: 2D

DOCUMENT NUMBER: 0572093511 DATE TITLE ISSUED: 03/06/96

PREVIOUS OWNER: 2600

OWNER: [REDACTED] DALLAS, TX 75224

SIGNATURE OF OWNER OR AGENT: [REDACTED]

ODOMETER READING: EXEMPT

**FOR EXPORT ONLY**  
P12345A

UNLESS OTHERWISE AUTHORIZED BY LAW, IT IS A VIOLATION OF STATE LAW TO SIGN THE NAME OF ANOTHER PERSON ON A CERTIFICATE OF TITLE OR OTHERWISE GIVE FALSE INFORMATION ON A CERTIFICATE OF TITLE.

DATE OF LIEN: NONE 1ST LIEN HOLDER: 1ST LIEN RELEASED: DATE

DATE OF LIEN: 2ND LIEN HOLDER: 2ND LIEN RELEASED: DATE

DATE OF LIEN: 3RD LIEN HOLDER: 3RD LIEN RELEASED: DATE

IT IS HEREBY CERTIFIED THAT THE PERSON HEREIN NAMED IS THE OWNER OF THE VEHICLE DESCRIBED ABOVE WHICH IS SUBJECT TO THE ABOVE LIENS.

RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT: WE, THE HUSBAND AND WIFE, WHOSE SIGNATURES APPEAR HEREON, HEREBY AGREE THAT THE OWNERSHIP OF THE VEHICLE DESCRIBED ON THIS CERTIFICATE OF TITLE SHALL FROM THIS DAY FORWARD BE HELD JOINTLY AND IN THE EVENT OF DEATH OF EITHER THE HUSBAND OR THE WIFE, THE OWNERSHIP OF THE VEHICLE SHALL VEST IN THE SURVIVOR.

SIGNATURE (HUSBAND): SIGNATURE (WIFE): (WIFE SHOULD SIGN/TRANSFER FULL NAME, SUCH AS "MARY JANE DOE," NOT AS OF "MRS. JOHN DOE.")

FORM AGC REV 5-90 DO NOT ACCEPT TITLE SHOWING ERASURE, ALTERATION, OR MUTILATION.

On the front of the title where no information is covered

WHEN VEHICLE IS SOLD, TITLE HOLDER MUST ASSIGN AND FURNISH THIS TITLE, CURRENT LICENSE RECEIPT, AND SALES TAX AFFIDAVIT TO THE PURCHASER WHO MUST FILE APPLICATION WITH COUNTY TAX ASSESSOR-COLLECTOR WITHIN 20 WORKING DAYS TO AVOID \$10 PENALTY.

FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE IN CONNECTION WITH THE TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.

1. Jose Diaz by certifies that the vehicle described in this title is free and clear of all liens, except as noted herein, and has been transferred to the following printed name and address:

Name of Purchaser: Jose Diaz Street: 123 Matamoros City: Nuevo Laredo State: Mexico Zip: [REDACTED]

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

1/22/02 [Signature] 1. The mileage stated is in excess of its mechanical limits. 2. The odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY

I am aware of the above odometer certification made by the seller/agent. John Doe, Texas Autos P67894

Signature of Buyer/Agent: Jose Diaz Printed Name (same as signature): Jose Diaz

The undersigned hereby certifies that the vehicle described in this title is free and clear of all liens, except as noted herein, and has been transferred to the following printed name and address:

Name of Purchaser: [REDACTED] City: [REDACTED] State: [REDACTED] Zip: [REDACTED]

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

1. The mileage stated is in excess of its mechanical limits. 2. The odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY

I am aware of the above odometer certification made by the seller/agent.

Signature of Buyer/Agent: [REDACTED] Printed Name (same as signature): [REDACTED]

The undersigned hereby certifies that the vehicle described in this title is free and clear of all liens, except as noted herein, and has been transferred to the following printed name and address:

Name of Purchaser: [REDACTED] City: [REDACTED] State: [REDACTED] Zip: [REDACTED]

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

1. The mileage stated is in excess of its mechanical limits. 2. The odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY

I am aware of the above odometer certification made by the seller/agent.

Signature of Buyer/Agent: [REDACTED] Printed Name (same as signature): [REDACTED]

The undersigned hereby certifies that the vehicle described in this title is free and clear of all liens, except as noted herein, and has been transferred to the following printed name and address:

Name of Purchaser: [REDACTED] City: [REDACTED] State: [REDACTED] Zip: [REDACTED]

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

1. The mileage stated is in excess of its mechanical limits. 2. The odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY

I am aware of the above odometer certification made by the seller/agent.

Signature of Buyer/Agent: [REDACTED] Printed Name (same as signature): [REDACTED]

LIEN: LIENHOLDER TO BE RECORDED AND SHOWN ON NEW TITLE. 1ST LIEN IN FAVOR OF (NAME & ADDRESS):

On the back of the title in any blank reassignment space.